

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 48 – SB 308

March 20, 2017

SUMMARY OF BILL: Requires 50 percent handgun carry permit (HGCP) fees to be annually donated to one or more 501(c)(3) nonprofit organizations established for the purpose of providing financial assistance to families of police officers, firefighters, and emergency medical staff who lost lives or are victims of serious and disabling injury in the line of duty.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures -

\$9,611,600/Handgun Permit Division/FY17-18

\$9,361,600/Handgun Permit Division/Each FY18-19 and FY19-20

**Less than \$9,361,600/Handgun Permit Division/FY20-21 and
Subsequent Years**

Other Fiscal Impact – To the extent permit fee revenue remains sufficient for offsetting the operational expenses of the Handgun Permit Division, no appropriations from the General Fund will be required. However, and to the extent permit fee revenue is insufficient for covering such operational expenses, future appropriations from the General Fund may be required.

Assumptions:

- Beginning January 1, 2017, the following new fee structure for handgun carry permits became effective as follows:

New Permit

8-year	\$100.00
Military 8-year	\$68.00
Lifetime	\$300.00
Military Lifetime	\$268.00
Retired Law Enforcement Lifetime	\$100.00

Renewal Permit

8-year	\$50.00
Military	\$50.00
Upgrade to a Lifetime	\$200.00
Upgrade to a Lifetime Military	\$200.00
Retired Law Enforcement upgrade to a Lifetime	\$100.00

- For purposes of the fiscal note, it is assumed all permits issued will be standard, non-military, or law enforcement permits.
- Based on information provided by the Department of Safety (DOS), a five-year average of 59,782 initial HGCP's and 72,385 renewed HGCP's are projected to be issued each year.
- Due to the recent fee changes, the percentage of HGCP applicants and renewals that elect to purchase a lifetime or renewal permit is unknown at this time.
- It is assumed that 40 percent, or 23,913 ($59,782 \times 40.0\%$) of all new HGCP issued will be lifetime permits, and 60 percent, or 35,869 ($59,782 \times 60.0\%$), will purchase renewable permits. It is further assumed 60 percent, or 43,431 ($72,385 \times 60.0\%$), of all renewals will purchase renewable permits and 40 percent, or 28,954, ($72,385 \times 40.0\%$) will purchase lifetime permits.
- The HGCP fee revenue for FY17-18 is estimated to be \$18,723,150 [$(23,913 \times \$300) + (35,869 \times \$100) + (43,431 \times \$50) + (28,954 \times \$200)$].
- Pursuant to the provisions of the legislation, one-half of all fee revenue shall be annually donated to one or more 501 (c)(3) nonprofit organizations. Therefore, a recurring increase in state expenditures from the Handgun Permit Division of \$9,361,575 ($\$18,723,150 \times 50.0\%$).
- The DOS reports a vendor provided a quote to make necessary accounting system modifications in A-List at a one-time cost of \$250,000 to the Handgun Permit Division to fulfill the provisions of the legislation.
- The total increase in state expenditures from the Handgun Permit Division in FY17-18 is estimated to be \$9,611,575 ($\$9,361,575 + \$250,000$).
- The increase in state expenditures from the Handgun Permit Division is estimated to be \$9,361,575 each year in FY18-19 and FY19-20.
- Beginning in FY20-21, under current law, the state will begin to experience a recurring decrease in permit fee revenue associated with fewer permit renewals stemming from increased lifetime permit purchases. The extent of reduced revenue will grow gradually over time. Therefore, funding to the 501(c)(3) nonprofit organizations will gradually decrease over time. The increase in state expenditures from the Handgun Permit Division is estimated to be less than \$9,361,575 in FY20-21 and subsequent years.
- To the extent the Handgun Permit Division generates sufficient permit fee revenue to offset the additional expenditures to 501(c)(3) organizations, the Division can operate without additional General Fund appropriations. However, to the extent permit fee revenue to the Division does not cover all departmental expenditures; the Division may

require additional General Fund appropriations to replace operating funding lost as a result of this legislation.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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